

BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

VISPI BAHADUR SHROFF

26824 Pamela Drive
Canyon Country, CA 91351

Certified Public Accountant Certificate No.
49525

Respondent.

Case No. AC-2012-1

OAH No. 2012010808

DECISION AND ORDER

The attached Stipulated Surrender of License and Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on September 1, 2012.

It is so ORDERED August 2, 2012


FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
Attorney General of California
2 GLORIA A. BARRIOS
Supervising Deputy Attorney General
3 KATHERINE MESSANA
Deputy Attorney General
4 State Bar No. 272953
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2554
6 Facsimile: (213) 897-2804

7 *Attorneys for Complainant*

8 **BEFORE THE**
9 **CALIFORNIA BOARD OF ACCOUNTANCY**
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

13 **VISPI BAHADUR SHROFF**

14 26824 Pamela Drive
Canyon Country, CA 91351

15 Certified Public Accountant Certificate No.
49525

16 Respondent.

Case No. AC-2012-1

OAH No. 2012010808

17 **STIPULATED SURRENDER OF**
18 **LICENSE AND ORDER**

19 In the interest of a prompt and speedy resolution of this matter, consistent with the public
20 interest and the responsibility of the California Board of Accountancy ("CBA") of the
21 Department of Consumer Affairs the parties hereby agree to the following Stipulated Surrender of
22 License and Order which will be submitted to the CBA for approval and adoption as the final
23 disposition of the Accusation.

24 PARTIES

25 1. Patti Bowers ("Complainant") is the Executive Officer of the CBA. She brought this
26 action solely in her official capacity and is represented in this matter by Kamala D. Harris,
27 Attorney General of the State of California, by Katherine Messana, Deputy Attorney General.

28 2. Vispi Bahadur Shroff ("Respondent") is represented in this proceeding by attorney
Patrick Q. Hall, Esq., whose address is:

1 Seltzer Caplan McMahon Vitek
2 750 B Street, Suite 2100
3 San Diego, CA 92101

4 3. On or about November 20, 1987, the CBA issued Certified Public Accountant
5 Certificate No. 49525 to Respondent. The Certified Public Accountant Certificate expires on
6 December 31, 2012.

7 JURISDICTION

8 4. Accusation No. AC-2012-1 was filed before the CBA, Department of Consumer
9 Affairs, and is currently pending against Respondent. The Accusation and all other statutorily
10 required documents were properly served on Respondent on January 10, 2012. Respondent
11 timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-
12 2012-1 is attached as Exhibit A and incorporated by reference.

13 ADVISEMENT AND WAIVERS

14 5. Respondent has carefully read, fully discussed with counsel, and understands the
15 charges and allegations in Accusation No. AC-2012-1. Respondent also has carefully read, fully
16 discussed with counsel, and understands the effects of this Stipulated Surrender of License and
17 Order.

18 6. Respondent is fully aware of his legal rights in this matter, including the right to a
19 hearing on the charges and allegations in the Accusation; the right to be represented by counsel, at
20 his own expense; the right to confront and cross-examine the witnesses against him; the right to
21 present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel
22 the attendance of witnesses and the production of documents; the right to reconsideration and
23 court review of an adverse decision; and all other rights accorded by the California
24 Administrative Procedure Act and other applicable laws.

25 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
26 every right set forth above.

27 CULPABILITY

28 8. Respondent admits the truth of each and every charge and allegation in Accusation
No. AC-2012-1, agrees that cause exists for discipline and hereby surrenders his Certified Public
Accountant Certificate No. 49525 for the CBA's formal acceptance.

9. Respondent understands that by signing this stipulation he enables the CBA to issue an order accepting the surrender of his Certified Public Accountant Certificate without further process.

CONTINGENCY

10. This stipulation shall be subject to approval by the CBA. Respondent understands and agrees that counsel for Complainant and the staff of the CBA may communicate directly with the CBA regarding this stipulation and surrender, without notice to or participation by Respondent or his counsel. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the CBA considers and acts upon it. If the CBA fails to adopt this stipulation as its Decision and Order, the Stipulated Surrender and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the CBA shall not be disqualified from further action by having considered this matter.

11. The parties understand and agree that facsimile copies of this Stipulated Surrender of License and Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

12. This Stipulated Surrender of License and Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Surrender of License and Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

13. In consideration of the foregoing admissions and stipulations, the parties agree that the CBA may, without further notice or formal proceeding, issue and enter the following Order:

ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 49525, issued to Respondent Vispi Bahadur Shroff, is surrendered and accepted by the CBA.

1 1. The surrender of Respondent's Certified Public Accountant Certificate and the
2 acceptance of the surrendered license by the CBA shall constitute the imposition of discipline
3 against Respondent. This stipulation constitutes a record of the discipline and shall become a part
4 of Respondent's license history with the CBA.

5 2. Respondent shall lose all rights and privileges as a Certified Public Accountant in
6 California as of the effective date of the CBA's Decision and Order.

7 3. Respondent shall cause to be delivered to the CBA his pocket license and, if one was
8 issued, his wall certificate on or before the effective date of the Decision and Order.

9 4. If he ever applies for licensure or petitions for reinstatement in the State of California,
10 the CBA shall treat it as a petition for reinstatement. Respondent cannot petition for
11 reinstatement prior to one year from the effective date of the Decision and Order.
12 Respondent must comply with all the laws, regulations and procedures for reinstatement of a
13 revoked license in effect at the time the petition is filed, and all of the charges and allegations
14 contained in Accusation No. AC-2012-1 shall be deemed to be true, correct and admitted by
15 Respondent when the CBA determines whether to grant or deny the petition.

16 5. If and when Respondent's license is reinstated, he shall pay to the CBA costs
17 associated with its investigation and enforcement of Case No. AC-2012-1, pursuant to Business
18 and Professions Code section 125.3 in the amount of \$7,706.30.

19 Respondent shall be permitted to pay these costs in a payment plan approved by the CBA.
20 Nothing in this provision shall be construed to prohibit the CBA from reducing the amount of
21 cost recovery upon reinstatement of the license.

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney, Patrick Q. Hall. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the CBA.

DATED: 7/5/12 VB Shroff
VISPI BAHADUR SHROFF
Respondent

I have read and fully discussed with Respondent Vispi Bahadur Shroff the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: 7-9-12 [Signature]
PATRICK Q. HALL
Attorney for Respondent

ENDORSEMENT

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted for consideration by the CBA of the Department of Consumer Affairs.

Dated: Respectfully submitted,
KAMALA D. HARRIS
Attorney General of California
GLORIA A. BARRIOS
Supervising Deputy Attorney General
[Signature]
KATHERINE MESSANA
Deputy Attorney General
Attorneys for Complainant

LA2011601297
51126321.doc

Exhibit A

Accusation No. AC-2012-1

1 KAMALA D. HARRIS
Attorney General of California
2 GLORIA A. BARRIOS
Supervising Deputy Attorney General
3 KATHERINE MESSANA
Deputy Attorney General
4 State Bar No. 272953
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2554
6 Facsimile: (213) 897-2804

7 *Attorneys for Complainant*

8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case No. AC-2012-1

12 **VISPI BAHADUR SHROFF**

13 26824 Pamela Drive
14 Canyon Country, CA 91351

A C C U S A T I O N

15 Certified Public Accountant Certificate No. 49525

16 **Respondent.**

17 Complainant alleges:

18 **PARTIES**

19 1. Patti Bowers ("Complainant") brings this Accusation solely in her official capacity as
20 the Executive Officer of the California Board of Accountancy, Department of Consumer
21 Affairs ("CBA").

22 2. On or about November 20, 1987, the CBA issued Certified Public Accountant
23 Certificate No. 49525 to Vispi Bahadur Shroff ("Respondent"). The Certified Public Accountant
24 Certificate was renewed for the period of January 1, 2011 through December 31, 2012, without
25 continuing education ("inactive").

26 ///

27 ///

28 ///

JURISDICTION AND STATUTORY PROVISIONS

3. This Accusation is brought before the CBA under the authority of the following laws.

All section references are to the Business and Professions Code ("Code") unless otherwise indicated.

4. Section 5109 of the Code, provides:

"The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy by operation of law or by order or decision of the board or a court of law, or the voluntary surrender of a license by a licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation of or action or disciplinary proceeding against the licensee, or to render a decision suspending or revoking the license."

5. Section 490 of the Code provides that a board may suspend or revoke a license on the ground that the licensee has been convicted of a crime substantially related to the qualifications, functions, or duties of the business or profession for which the license was issued.

6. Section 5100 of the Code states, in pertinent part:

"After notice and hearing the board may revoke, suspend, or refuse to renew any permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing with Section 5080), or may censure the holder of that permit or certificate for unprofessional conduct that includes, but is not limited to, one or any combination of the following causes:

(a) Conviction of any crime substantially related to the qualifications, functions and duties of a certified public accountant or a public accountant.

...

(g) Willful violation of this chapter or any rule or regulation promulgated by the board under the authority granted under this chapter.

...

(l) The imposition of any discipline, penalty, or sanction on a registered public accounting firm or any associated person of such firm, or both, or on any other holder of a permit, certificate, license, or other authority to practice in this state, by the Public Company Accounting Oversight Board or the United States Securities and Exchange Commission, or their designees under the Sarbanes-Oxley Act of 2002 or other federal legislation..."

7. Section 5063, subdivision (b) of the Code, states:

"A licensee shall report to the board in writing the occurrence of any of the following events occurring on or after January 1, 2003, within 30 days of the date the licensee has knowledge of the events:

...

1 (3) Any notice of the opening or initiation of a formal investigation of
the licensee by the Securities and Exchange Commission or its designee..."

2 8. Section 5106 of the Code states:

3 "A plea or verdict of guilty or a conviction following a plea of nolo
4 contendere is deemed to be a conviction within the meaning of this article. The
5 record of the conviction shall be conclusive evidence thereof. The board may order
6 the certificate or permit suspended or revoked, or may decline to issue a certificate or
7 permit, when the time for appeal has elapsed, or the judgment of conviction has been
8 affirmed on appeal or when an order granting probation is made, suspending the
9 imposition of sentence, irrespective of a subsequent order under the provisions of
10 Section 1203.4 of the Penal Code allowing such person to withdraw his plea of guilty
11 and to enter a plea of not guilty, or setting aside the verdict of guilty or dismissing the
12 accusation, information or indictment."

13 REGULATIONS

14 9. California Code of Regulations, title 16, section 99 states, in pertinent part:

15 "For the purposes of denial, suspension, or revocation of a certificate or
16 permit pursuant to Division 1.5 (commencing with Section 475) of the Business and
17 Professions Code, a crime or act shall be considered to be substantially related to the
18 qualifications, functions or duties of a certified public accountant or public accountant
19 if to a substantial degree it evidences present or potential unfitness of a certified
20 public accountant or public accountant to perform the functions authorized by his or
21 her certificate or permit in a manner consistent with the public health, safety, or
22 welfare..."

23 COST RECOVERY

24 10. Section 5107, subdivision (a) of the Code, states:

25 "The executive officer of the board may request the administrative law
26 judge, as part of the proposed decision in a disciplinary proceeding, to direct any
27 holder of a permit or certificate found to have committed a violation or violations of
28 this chapter to pay to the board all reasonable costs of investigation and prosecution
of the case, including, but not limited to, attorneys' fees. The board shall not recover
costs incurred at the administrative hearing."

29 FIRST CAUSE FOR DISCIPLINE

30 (Imposition of Discipline by the U.S. Securities and Exchange Commission)

31 11. Respondent is subject to disciplinary action under section 5100, subdivision (1) of the
32 Code, on the grounds of unprofessional conduct, in that on or about November 23, 2009, the
33 United States Securities and Exchange Commission ("SEC") imposed discipline, penalty, or
34 sanction on Respondent's practice of accounting, as follows:

35 a. On or about November 23, 2009, in a Final Judgment in the matter entitled *Securities*
36 *and Exchange Commission v. Ahmad Haris Tajyar, Zachary W. R. Bryant, Omar Ahmad Tajyar,*

1 and *Vispi B. Shroff* (C.D. Cal., 2009, No. CV 09-03988 SJO (PJWx)), the Court ordered
2 Respondent to pay \$235,890.63 disgorgement and prejudgment interest, and ordered him to
3 pay \$207,931.70 in penalties. In addition, Respondent was permanently restrained and enjoined
4 from violating, directly or indirectly:

5 i. Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act), 15
6 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, by using
7 any means or instrumentality of interstate commerce, or of the mails, or of any facility of
8 any national securities exchange, in connection with the purchase or sale of any security that
9 would engage or operate as fraud or deceit; and

10 ii. Section 17(a) of the Securities Act of 1933 (Securities Act), 15 U.S.C. § 77q(a),
11 in the offer or sale of any security by the use of any means or instruments of transportation
12 or communication in interstate commerce or by use of the mails to engage or operate as
13 fraud or deceit.

14 b. The circumstances underlying the discipline are that Respondent, a tpee, received
15 and acted on non-public insider information, reaping illegal profits totaling \$207,931.70.

16 **SECOND CAUSE FOR DISCIPLINE**

17 **(Conviction of a Substantially Related Crime)**

18 12. Respondent is subject to disciplinary action under section 490 and section 5100,
19 subdivision (a) of the Code, in conjunction with California Code of Regulations, title 16, section
20 99, on the grounds of unprofessional conduct, in that on or about March 21, 2011, Respondent
21 was convicted of securities fraud; aiding and abetting and causing an act to be done in violation of
22 15 U.S.C. § 78j(b), 78ff; 17 C.F.R. § 240.10b-5, 240, 10b5-2 and 18 U.S.C. § 2(b), crimes
23 substantially related to the qualifications, functions or duties of a certified public accountant or
24 public accountant. Respondent was sentenced to be committed to the custody of the Bureau of
25 Prisons for two nine month terms, to be served concurrently. Upon release from imprisonment,
26 Respondent was placed on supervised release for a term of three years for each count, to be
27 served concurrently, with terms and conditions. Pursuant to the Judgment &
28 Probation/Commitment Order, Respondent was ordered to pay to the United States a total fine of

1 \$38,674.68. The conviction is described in more particularity in paragraph 11, subdivision (b),
2 above, inclusive, and herein incorporated by reference.

3 **THIRD CAUSE FOR DISCIPLINE**

4 **(Failure to Report SEC Action)**

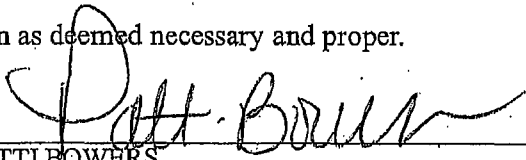
5 13. Respondent is subject to disciplinary action under section 5100, subdivision (g) and
6 section 5063, subdivisions (a)(3) and (b)(3) of the Code on the grounds of unprofessional conduct
7 in that Respondent failed to report to the CBA in writing of the SEC investigation and judgment.
8 The judgment is described in more particularity in paragraph 11, subdivisions (a) and (b), above,
9 inclusive, and herein incorporated by reference.

10 **PRAYER**

11 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
12 and that following the hearing, the CBA issue a decision:

- 13 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
14 Accountant Certificate No. 49525, issued to Vispi Bahadur Shroff;
15 2. Ordering Vispi Bahadur Shroff to pay the CBA the reasonable costs of the
16 investigation and enforcement of this case, pursuant to section 5107;
17 3. Taking such other and further action as deemed necessary and proper.

18 DATED: December 30, 2011

19 
20 PATTI BOWERS
21 Executive Officer
22 California Board of Accountancy
23 Department of Consumer Affairs
24 State of California
25 Complainant

26 LA2011601297
27 51014810.doc
28